

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MARYLAND
Baltimore Division

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In re: : **Chapter 11 (Subchapter V)**
: **Case No. 25-10005**
Seth L Blum and Bessy G Blum :
: **Debtors.** :
: -----X

NOTICE AND MOTION TO APPROVE COMPROMISE AND SETTLEMENT

TO ALL INTERESTED PARTIES:

PLEASE TAKE NOTICE that the Debtors in Possession (“Debtors”) have filed the within Motion to Approve Compromise and Settlement under Fed. R. Bankr. Pro. 9019 (“Motion”). The Motion includes a request that the Court approve a compromise reached between the Debtors and Peter Elmo as set forth below. This settlement is subject to the approval of the Court after notice to all creditors pursuant to Bankruptcy Rule 9019. The Debtors believe that the settlement on the terms stated herein is fair and reasonable and should be approved.

PLEASE TAKE NOTICE THAT WITHIN TWENTY-ONE DAYS (21) AFTER THE DATE OF THIS NOTICE you must file and serve a written objection to the motion if you intend to object to the compromise, together with the proposed order required by Local Bankruptcy Rules. The objection and proposed order must be filed with the Clerk, U.S. Bankruptcy Court, 101 W Lombard St., Baltimore MD 21201, and served by delivery or by mailing a copy upon the undersigned. The objection must contain a complete specification of the factual and legal grounds upon which it is based. You may append affidavits and documents in support of the objection.

IF YOU FAIL TO FILE A TIMELY OBJECTION, THE MOTION MAY BE GRANTED BY THE COURT WITHOUT A HEARING. The Court may grant the motion without a hearing if the objection filed states inadequate grounds for denial. Parties in interest with questions may contact the undersigned.

NOW COME Seth and Bessy Blum (the “Debtors”), by and through the undersigned counsel, and pursuant to Bankruptcy Rule 9019(a) file this Motion seeking approval of a settlement with Peter Elmo (“Elmo”). In support of this motion, the Debtors state as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over this matter pursuant to the provisions of 28

U.S.C. §§157 and 1334. This is a core proceeding pursuant to the provisions of 28 U.S.C. §157(b)(2)(A), (F) and (O). Venue is proper in this District and Division pursuant to 28 U.S.C. §§1408 and 1409. Debtors consent to the entry of a final judgment on this matter by the Bankruptcy Court.

Background

2. On January 1, 2025, this case was commenced by the filing of a voluntary petition for relief under Chapter 11, Subchapter V of the Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland (the “Bankruptcy Court”). The Debtors are continuing to possess and manage their property. Monique Almy has been appointed Subchapter V Trustee.

3. Elmo is a creditor of the Debtors, and has filed an unsecured proof of claim in the amount of \$738,202.92.

4. On October 04, 2024, within 90 days before the commencement of this case, Elmo obtained a default judgment for \$631,717.58 against Debtors in the Court of Chancery of the State of Delaware in C.A. No. 2024-0528-BWD (the “Delaware Judgment”). The Delaware Judgment provides that “An equitable lien on the Property shall be recorded with the Recorder of Deeds in favor of Plaintiff and against Defendants in the amount of the Judgment” and that “This Judgment in the above amount shall also be recorded as a lien in favor of Plaintiff and against Defendants against any other property owned by Defendants in the State of Delaware.” Prior to obtaining the Delaware Judgment, Elmo filed a notice of lis pendens in the appropriate land records in Delaware. The Delaware Judgment was subsequently filed in Baltimore County Maryland.

5. Debtors own real property in Delaware and Maryland to which the judgment attached as a lien. One property in Delaware – the one as to which the Delaware judgment imposed an equitable lien – was sold by order of this Court free and clear of liens, with Elmo's lien attaching to the net proceeds of \$275,444.65 being held in escrow by the Debtors subject to further order of this Court.

6. Debtors brought an adversary proceeding against Elmo seeking to avoid the liens on Debtors' property as a preference under 11 U.S.C. §§ 547 and 550, *Blum v. Elmo*, 25-00264. Elmo filed an answer asserting that the equitable lien is not avoidable because the transfer did not occur within 90 days, and for other reasons as to the other properties.

7. After investigation of this matter by both parties, who are both represented by competent counsel, and with the assistance of the Subchapter V Trustee, the parties have agreed to a settlement of this matter on the following terms:

- A. Mr Elmo's lien on the proceeds of the Delaware property that was sold shall be avoided in the amount of a \$25,000 carve-out, but otherwise the lien shall not be avoided, and upon approval of the agreement he will receive the escrowed amount less \$25,000. Payment shall be made by the Debtors to Peter Elmo within ten days of the entry of the order approving this settlement. His claim shall be deemed unsecured and shall be reduced by the amount received from the property sale escrow.
- B. The judgment lien shall be avoided under 11 U.S.C. §§ 547 and 550 as to all other properties.
- C. In the event of the dismissal of this case, the judgment liens that Mr. Elmo has against the Debtors in Maryland and Delaware shall reattach to any real properties of the Debtors to which the judgment liens attached prior to the filing of this case (other than the property known as 11486 W. Sand Cove Road, Selbyville, Delaware 19975 which has been sold), to the end and effect that the order avoiding liens to be entered in this case against Mr. Elmo pursuant to the settlement agreement referenced herein will be null, void, vacated and of no effect.

8. Upon approval, the Debtors will amend their plan to reflect the foregoing. The effect compared to the current proposed plan will be to defer payment of a portion of the priority tax claims and to reduce the distribution to unsecured creditors as a result of the lien on the Delaware property proceeds that were originally proposed to be paid to creditors. Mr Elmo agrees that he will not object to such amended plan and will vote in favor of it (and will be deemed to so vote if no ballot is returned), which may expedite confirmation and avoid substantial additional legal fees.

9. Under Fed. R. Bank. P. 9019, approval of a proposed compromise of controversy may be given when the compromise is: (a) fair and equitable; (b) in the best interests of the estate and the creditors; and (c) surpasses the lowest level within a range of reasonableness. *In re Apex Oil Co.*, 92 B.R. 847, 867 (Bankr. E.D. Mo. 1988); *In re A & C Properties*, 784 F.2d 1377, 1381 (9th Cir) cert. denied 479 U.S. 854 (1986); *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir 1980).

10. The Debtors believe this settlement to be in the best interests of the estate and all creditors because there is a substantial risk that the Court would not have avoided the alleged preference, particularly as to the property proceeds as to which an equitable lien was imposed. Both the nature of an equitable lien and the existence of the lis pendens (of which Debtors were unaware) create a substantial risk. Further, Elmo would have pursued his objections to the Debtors' Plan, putting at risk the Debtors' proposed reorganization and incurring significant fees; and the settlement will result in no need to incur additional attorney's fees litigating the preference matter without months of delay.

WHEREFORE, the Debtors respectfully request that this Court enter an Order approving the Debtor's settlement with Elmo under the terms and conditions set out in this Motion.

Respectfully submitted,

/s/ Daniel M. Press
Daniel M. Press, #07300
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Counsel for Debtors

The foregoing is agreed by Peter Elmo.

/s/ Richard J. Hackerman
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CERTIFICATE OF SERVICE

This is to certify that on this 7th day of November, 2025, I caused copies of the foregoing Motion to be served by CM/ECF on the following:

Monique Desiree Almy malmy@crowell.com,
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Eric VandeLinde eric.vandelinde@bww-law.com,
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and by first class mail, postage prepaid, on all other creditors on the attached matrix.

/s/ Daniel M. Press
Daniel M. Press

Label Matrix for local noticing

0416-1

Case 25-10005

District of Maryland

Baltimore

Fri Nov 7 09:53:37 EST 2025

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 BWW Law Group, LLC
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Presidential Bank, FSB
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American Express National Bank
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 Salt Lake City, UT 84130-0285

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Chase
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Citibank NA
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(p) COMPTROLLER OF MARYLAND
 BANKRUPTCY UNIT
 7 ST PAUL STREET SUITE 230
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(p) DISCOVER FINANCIAL SERVICES LLC
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Internal Revenue Service
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The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g) (4) .

Comptroller of Maryland
7 St Paul St
Baltimore, MD 21202

Discover
PO Box 30943
Salt Lake City, UT 84130

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Nationstar Mortgage LLC

(u)Sailfish Servicing, LLC C/O Nationstar Mor

(d)Navy Federal Credit Union

P.O. Box 3000
Merrifield, VA 22119-3000

(u)Adam Ask
Northrop Realty

End of Label Matrix	
Mailable recipients	58
Bypassed recipients	4
Total	62